

PERFORMANCE REPORT
Monitoring, Verification, and Evaluation Unit - APRP
Quarterly and Annual Report
For the Period Ending December 31, 1998

USAID/EG/AP
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Abt Associates Inc.

Progress

Verification, Tranche I

The MVE Unit completed the verification report for tranche I benchmarks for accomplishment by December 31, 1997, and it was submitted by the Government to USAID. Eighteen benchmarks were accomplished, seven were partially accomplished, and none were found to have no progress. In addition the report includes mention of the five benchmarks on which accomplishment had exceeded full accomplishment by the original deadline in June, 1997. Some highlights from that report include:

- C Some additional progress was made on cotton liberalization. In addition, there are apparently serious discussions under way at the highest levels of the Government that are evaluating the lessons of the previous marketing seasons and contemplating more radical liberalization in 1998/99.
- C Significant progress was made toward the elimination of quotas in fertilizer distribution; the public sector share in fertilizer distribution is declining. PBDAC's quota was reduced from 87 percent to 49 percent and again to 25 percent, and its actual purchases constitute only about 14 percent of national production of nitrogenous fertilizer. The private sector is taking a larger share of distributing locally produced fertilizers and is participating in exports and imports.
- C The GOE has achieved the benchmark calling for complete liberalization of the rice subsector. By allowing private dealers, millers and exporters to operate freely and invest in new equipment and facilities, the GOE has created a positive enabling environment that has led to the emergence of a vibrant, liberalized rice subsector.
- C With the assistance of the RDI Unit and GTZ, a plan has been developed for the privatization of the acid delinting plant in 1998. An acid delinting plant was constructed with GTZ assistance in 1996 and has been operating since March, 1997.
- C Seven benchmarks were accomplished through the completion of studies.

The producer survey of tranche I was finalized.

Verification, Tranche II

There was a significant delay in finalizing the indicators for benchmark D2 (concerning PBDAC restructuring). In early June, USAID instructed the Unit to submit the verification plan to USAID. The MVE Unit submitted the verification plan for the tranche II benchmarks to USAID during the week of June 7, 1998.

The MVE Unit conducted interviews and visits for verification of tranche II benchmarks. Much of the verification work done under the second phase of tranche I was relevant and but was updated for tranche II. This was particularly true for cotton-related benchmarks. MVE staff traveled to Alexandria to meet with cotton and textile industry managers, public and private traders, CATGO, and spinners. The team also visited various individuals in the public and private sector in the rice, fertilizer, and seed subsectors, and in MALR, GARPAD and other public agencies.

The MVE Unit completed a draft of the verification report for benchmarks for accomplishment by June 30, 1997. At the request of the Mission, the verification report for tranche II was finalized on July 8 by the MVE Unit and submitted by the Government of Egypt to USAID. (It may be possible for the Mission to take into account some accomplishments that are completed during July and that were therefore not possible to include in the verification report.)

The verification report found that the Government of Egypt had made substantial progress. Of the 29 benchmarks, 18 were accomplished or exceeded, and only one showed no progress. In each of the five policy areas, there were more benchmarks accomplished or exceeded than partially accomplished or no progress made.

Level of Accomplishment, Tranche II - APRP			
Exceeded Full	Accomplished	Partial	No Progress
6	12	10	1

In late August MVE completed an unscheduled update to further assist with assessing accomplishment and disbursement. By this time the accomplishments had improved to the following:

Level of Accomplishment Tranche II - APRP, Update			
Exceeded Full	Accomplished	Partial	No Progress
6	16	7	0

The MVE Unit's verification program is directed by Dr. Adel Mustafa. During tranche II, short-term assistance was provided by Dr. Azza Emara.

Verification, Tranche III

The MVE Unit provided substantial comments on the benchmarks proposed for tranche III, in particular the clarity of the indicators. Some of these comments were made during the significant efforts for finalization of the MOU that were made in September, during which time some benchmarks were deleted and some new benchmarks and indicators were added.

The MVE Unit received a copy of the final MOU for tranche III, and Dr. Adel Mustafa drafted the verification plan. The plan was completed and presented to the PPC, and became final on December 24, 1998.

Verification work began during the fourth quarter of 1998. Two teams of consultants began work in the area of cotton, as the marketing season was already under way.

Drs. Adel Mostafa, John Holtzman, and Morsy Fawzy worked together to design a survey of small cotton traders. This will supplement interviews with larger market participants later in the year. Initial results suggest that participation of the private sector increased this year with the more flexible arrangements for marketing permitted by the Government. Dr. Adel supervised the collection of data on small traders and organized the consultants to discuss the results. The consultant team consists of Drs. Ezz Eldin Abdel Kader, Mohamed Hussein Atwa, Sayed Saleh Sayed, Boraie Ahmed Ibrahim, and Samir Attia Arram under the supervision of Dr. Morsy Fawzy.

The Unit also collaborated with GTZ/CSPP in the design of a survey of producers to ascertain their cotton marketing practices this year. The Unit collected data on the marketing of cotton by producers in Beheira governorate, to complement the four governorates that are being covered by CSPP. The consultant team consists of Drs. Mohamed Hassan Heikal and Mahmoud Alaa Abdel Aziz.

Other verification work was carried out in conjunction with the calculation of monitoring indicators, since the sources of information and types of data needed are similar. The benchmark involved is:

B3.1 Private sector employment in cotton ginning and spinning in 1999 has increased by at least 2,000 new jobs over the prior year as a result of new private investments or expansions of existing business (not including privatization as defined under B.2).

Verification, Tranche IV

The staff of the MVE Unit participated in the development of tranche IV benchmarks through the development of vision statements and participation in the vision workshop in December, 1998. COP Ender drafted vision statements for labor and for information.

Impact Assessment

The MVE Unit finalized the impact assessment plan. It provides guidance on the establishment of a comprehensive program of analysis for assessing the impact of APRP policy reforms on the agricultural sector. (Individual activities by consultants will not be undertaken, however, until specific scopes of work are developed by the Unit and approved by the COTR.)

Per the impact assessment plan, the Unit began work on several of the activities in first stage of the plan. These include

- C Cotton subsector baseline
- C Rice subsector baseline
- C Fertilizer subsector baseline
- C Evaluation & Analysis of FSR (IFPRI) Data
- C Data quality assessment (MALR data)

The task manager for the cotton and rice subsector baselines was Dr. John Holtzman. Dr. Holtzman was assisted on the rice baseline by Dr. Abdel Rahim Ismail and Mr. Charles Stathacos. Mr. Stathacos gave a presentation on May 17 to APRP on the world rice market and Egypt's rice milling and export agribusinesses. He also took part in efforts by RDI to encourage the formation of a rice trade association. MVE completed and circulated in mid-July a draft of the rice subsector baseline study. Comments on this study were also slow in coming to MVE.

In the fall of 1998, MVE gathered additional data on mills through a survey. This information will be used in the rice subsector report and will also be the subject of a separate report on the rice milling industry. Under the supervision of Dr. John Holtzman, two consultants, Drs. Abdel Rahim Ismail and Mohamed Meselhi, assisted with the design of the survey and carried out the field work.

Dr. John Holtzman began work on the cotton subsector baseline study in the second quarter and completed his work by the end of the year.

The fertilizer subsector baseline study was conducted Drs. Abdel Hamid Saad and Tom Zalla, with the further assistance of Mr. Sherif Fayyad. The team made a presentation on June 24, 1998 of some important subsectoral issues that arose during their field work. The Unit circulated a draft report in mid-July; the report was revised and finalized after comments were received.

The data assessment activity was led by Dr. Morsy Ali Fawzy. He was assisted by Dr. Larry Pope, Dr. Ghazal Amer, and Dr. Yehya Mohieldin. Survey work was conducted by Drs. Mahmoud Alaa Abdel Aziz, Mohamed A. Meselhi, Mohamed Hassan Heikal, and Mohamed Sayed Saeed. The team made field visits to governorate, district and local level statistical offices in four governorates (Behira, Dakahlia, Beni Suef, and Assiut) to observe the nature and process of agricultural data collection. Survey work in the same governorates served to document more completely the procedures and data availability observed during field visits. Time series analysis of the main production series was carried out. The team made a

presentation of some of their results on July 9, 1998 before the departure of the expatriate consultant.

Dr. Stephan Goetz, who was a member of the MVE Unit's impact assessment planning team, analyzed a portion of the IFPRI household survey data. Dr. Goetz also contributed useful comments on the design of the IFPRI wheat producers' survey, as well as a summary of the data in the household survey that are relevant to wheat production and marketing. His analysis focused on:

- C Creating a baseline of general descriptive statistics covering the pre-APRP (about 1996-1997) period
- C Determining whether it is possible to estimate econometrically the elasticities needed for the producer core component of a Multi-Market Model, which the MVE Unit may develop for comprehensive impact assessment purposes, and
- C Assessing the EIHS data for its potential usefulness in conducting total factor productivity analysis, as well as in providing input and output data that can be used by the Egypt Agricultural Sector Model (EASM).

Goetz submitted a brief summary of his results to MVE.. These were reviewed and circulated to the staff of APRP.

Work on the cotton subsector baseline study by Dr. John Holtzman was completed during the quarter. Dr. Adel Mustafa provided valuable advice with regard to understanding the functioning of the subsector. The draft report has been circulated (October).

A wheat subsector baseline study was undertaken in the fall after numerous studies by IFPRI in this area were completed. By coordinating in this way, the MVE Unit's study will be able to make maximum use of the IFPRI work without duplicating it. The team consists of team leader Dr. Wally Tyner, Dr. Adel Mostafa, Dr. Ragaa El Amir, and Dr. Sherin Sherif. The team received research assistance from Mr. Said Haggag. The team carried out interviews and field visits and drafted its report. Drs. Tyner and Sherif made a presentation to the program staff in December, 1998, before the departure of Dr. Tyner. Dr. Tyner was scheduled to return in January to complete the report and make any further presentations or briefings that may be requested by the GOE.

Monitoring

The MVE Unit proposed to APRP to draft a set of indicators of progress for the program and then convene a workshop to discuss and finalize these indicators. The indicators would then be the basis for a monitoring program to be carried out by the Unit. The Unit hired a consultant, Dr. Emad El Hawary, who drafted a set of potential indicators after intensive discussions with APRP staff. The workshop was held on July 1, 1998 and was very constructive. Based on the discussions in the workshop, the COP revised the list of indicators and circulated the final draft. The Unit received further comments from USAID near the end of October. The report was then finalized, whereupon the Unit began drafting a brief monitoring plan.

The Unit, under the leadership of Dr. Adel Mostafa, drafted a brief monitoring plan and developed several TORs for consultants. Three consultants, Dr. Azza Emara, Dr. Abdel Sadek

El Santrecy, and Dr. Ezz El-Din Abdel Kader, began the work of collecting data for and calculating these progress indicators.

Special Studies

The MVE Unit collaborated on a cotton grading study with GTZ. This important issue was identified in the Unit's cotton ring survey at the beginning of tranche II. The work began in September to coincide with the beginning of the cotton picking season. Accordingly it was necessary to finalize recruiting and get the SOW and team approved before the COP left for home leave. This was accomplished. It was also necessary to get clarification from the Contracting Officer on the approval process for special studies, which are a distinct part of the Abt Associates contract. Abt received this clarification by email on June 17, 1998. The Contracting Officer stated that only COTR approval is necessary.

Work began over the summer on gathering important data in anticipation of arrival of the consultants in late September. The team arrived and carried out visits and interviews. Presentations of the results were made (October) in Cairo and Alexandria, and the study was drafted. It was also circulated for comments. The team consisted of Dr. Ronald Krenz (team leader, MVE), Mr. William Breginc (GTZ), Dr. Adel Mustafa (MVE), Mr. Galal El Rifai (GTZ), Mr. Nabil Sentricy (MVE), and Dr. Mohamed Meselhi (MVE).

The Unit's second special study is on input productivity in the old lands. It is designed to assist USAID with R4 reporting. Approval was given in October and the team began work. The work is being carried out by Dr Ali Assem, with research assistance from Mr. Sherif Fayyad. Dr. Morsy Fawzi is providing guidance and liaison with CAAE, which is providing significant assistance in data gathering and entry. The exercise will help MVE to develop a fuller database of basic agricultural data. The team provided a complete data set to the Mission in November and a draft of the report in early January, 1999.

MVE's KuNUZ Information System

Some further refinements were made to the information system that operates in Lotus Notes in March by the DAI staff expert, Charlie Schollaert. Once the connections between DAI and USAID/Washington are set up properly, Mission staff in Cairo will have full access to the MVE Unit's information system.

Coordination and Collaboration

The MVE Unit took an active role in the APRP retreat in Luxor in February, which discussed the benchmark development process and other important project issues. The COP was on the planning committee for the retreat. The COP also met with the COP of a new project in environmental policy to discuss the policy reform process. The COP met with a USAID consultant helping to plan a project to improve the national accounts statistics in Egypt. MVE also met with IFPRI's Mylene Kherallah in regard to their upcoming wheat producer survey and also to discuss work planned by MVE on rice. MVE staff also met with the Agricultural Policy Unit of the FAO..

All the professional staff of the MVE Unit took part in the tranche III benchmark discussion meeting in Abu Sultan (near Ismailia) on June 3 and 4. The staff of the Unit took part in the tranche III benchmark implementation workshop in El Gouna in November, 1998. The team also took part in the visions workshop in December, 1998, as well as the benchmark development process workshop, which was held at the same time.

MVE Unit staff took part in several verification meetings to share knowledge on progress on the benchmarks and to plan implementation and verification follow-ups. The verification tracking matrix, developed in KUNUZ, has proved to be a useful management and communication tool within APRP.

COP Gary Ender attended part of the water policy conference in Hurghada on June 17. The COP and Dr. Morsy Fawzi attended the major presentation of the Knowledge Attitudes and Practices study by the GreenCOM team in early December, 1998.

The MVE Unit has enjoyed excellent collegial relations with the staff of the GTZ Cotton Sector Support Program, especially Dr. Thomas Selzer, who recently departed Cairo for a new assignment. MVE continues its collaboration with Helmut Schoen, who replaced Dr. Selzer. MVE enhanced its collaboration with CSPP by undertaking the cotton grading and quality study mentioned above. Planning for this activity began in the second quarter and continued throughout the study.

The COP and Dr. Morsy Fawzi are taking part in the deliberations of the committee constituted to oversee the further development of the Egypt Agricultural Sector Model (EASM). The committee is headed by Dr. John Keith of the EPIQ team. It is hoped that the model can be refined and developed to be suitable for policy analysis by the MVE Unit. Before this can occur, several data and formulation issues need to be worked out.

The COP met with staff from USAID/Jordan who are designing a similar program of agricultural policy reform. Dr. Ender explained to them in detail the functions of the MVE Unit, especially those lessons learned that might save the mission time/effort in getting its program off to a successful start. Dr. John Holtzman met with Mr. Scott Christiansen of ICARDA and briefed him on the activities of APRP and USAID in the area of water and the environment, directing him to resource persons in USAID and on the EPIQ team.

On April 14, Abt Associates Group Vice President Stephanie met with APRP Program Director Dr. Saad Nassar to review the progress of the program. Dr. Wilson and Mr. John Tilney, Area Manager for International Development, also met with Drs. Thomas Olson and Mohamed Omran of USAID to discuss the performance of the MVE Unit.

PPC Activities

COP Dr. Gary Ender attended PPC meetings, during which there was discussion of progress on benchmarks, transfer of funds, annual workplans, and other important issues. The PPC approved the MVE Unit's workplan for year 2 (1998) on February 18, 1998. The enhanced level of engagement of the PPC in the development of policy reform benchmarks, through their participation in the June 3-4 meeting, is most welcome.

Workplan

The MVE Unit drafted a workplan for year 2 (January - December, 1998). It received the approval of the PPC, and of USAID (on May 5, 1998).

Leave

Drs. Ender and Holtzman took home leave during the summer.

Problems

There was a significant delay in reaching agreement on the *verification indicators* for benchmark D2 (PBDAC restructuring) of tranche II. This in turn delayed the completion of the tranche II verification plan.

Office space for short-term consultants is almost non-existent. They are either forced to work out of hotel rooms, or they are put in the fax room or the conference room, neither of which is a satisfactory work space. Productivity of all technical staff would be enhanced if each analyst had separate, as opposed to shared, office space. As the workload expands and the analysis requires even more concentration, MVE (and APRP) staff will be more productive if office space is expanded.

MVE has two *vehicles* and one of them is a very old, full-sized van. The unit would prefer a vehicle like a minivan that is less expensive to repair and operate.

Proposed Actions

Space: At the end of the year this problem had nearly been solved. The twelfth floor has been renovated, and it remains only to furnish of these new rooms. MVE will receive one room for short-term consultants and access to two additional conference rooms. The unit will also get one more room on the fifteenth floor that will allow the unit to provide adequate space to all its support staff, including a much-needed research assistant.

Vehicles: The Unit would appreciate assistance from USAID, the GOE, and the PMU in obtaining another vehicle.

Monitoring, Verification, and Evaluation Unit - APRP
Period: October - December 1998

Total Level of Effort:		600
Total Estimated Cost: Main contract + Special Studies:		\$5,751,000.00
Total Estimated Cost: Main contract:		\$5,388,428.00
Total Estimated Cost: Special Studies		\$362,572.00
Level of effort (October - December 98)	STTA	15.83 p/m*
	LTTA	27.00 p/m
Cumulative LOE through	STTA	49.73 p/m
December 98	LTTA	193.74 p/m
Unused LOE:		356.53 p/m
Expenditures - Main Contract (October - December 98)		\$233,575.96
Expenditures - Special Studies (October - December 98)		\$35,904.64
Total Cumulative expenditures to date: Main contract		\$2,036,576.02
Total Cumulative expenditures to date: Special Studies		\$38,414.94
Total Cumulative expenditures to date: Entire contract		\$2,074,990.96
Remaining unexpended balance:		\$3,676,009.04

* Level of effort (October - December 98) for STTA includes 5 pm of Abt consultant LOE from prior periods which was inadvertently omitted from the quarterly reports.

Monitoring, Verification, and Evaluation Unit
Agricultural Policy Reform Program

PUBLICATIONS

Verification

Verification Report Update, Agricultural Policy Reform Program, Tranche II: Policy Benchmarks for Accomplishment by June 30, 1998. Submitted by The Government of Egypt to The United States Agency for International Development, Cairo. With the technical assistance of the MVE Unit. Abt Associates Inc. August, 1998.

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Morsy Aly Fawzy, Ahmed Qadery M. Bahloul, Mohamed A. Meselhi, Mohamed Sayed Saeed, and Usama Ahmed El Bahnasawi. **Producer Survey Results, APRP-Tranche I.** MVE Unit-APRP, Verification Report No. 6. Abt Associates Inc. Cairo, Egypt. March, 1998.

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OuÁdraogo, Isma?l S. and Abdel Rahim Ismail. **Progress and Obstacles in Rice Sector Liberalization in Egypt: A Rapid Appraisal to Verify Policy Benchmarks.** MVE Unit - APRP, Verification Report No. 4. Abt Associates Inc. Cairo, Egypt. October, 1997.

El-Santrecy, A. Abdel Sadek. **Reforms to the System of Cotton Pest Control in Egypt Under APRP.** MVE Unit - APRP, Verification Report No. 3. Abt Associates Inc. Cairo, Egypt. October, 1997.

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Saad, Abdel-Hamid Youssef and Abdel Rahman Taryal. **Fertilizer Pricing and Distribution in Egypt.** MVE Unit - APRP, Verification Report No. 1. Abt Associates Inc. Cairo, Egypt. October, 1997.

Impact Assessment

Holtzman, John, in collaboration with Adel Mostafa. **Cotton Subsector Baseline Study.** MVE Unit - APRP, Impact Assessment Report No. 5. Abt Associates Inc. Cairo, Egypt. December, 1998.

Morsy A. Fawzy, Larry Pope, Yehia M. El-Din and Ghazal Amer. **Availability and Quality of Agricultural Data in Egypt.** MVE Unit -APRP Impact Assessment Report No. 4. Cairo, Egypt. Forthcoming.

Holtzman, John, in collaboration with Charles Stathacos and Abdel-Rahim Ismail. **Rice Subsector Baseline Study.** MVE Unit - APRP, Impact Assessment Report No. 3. Abt Associates Inc. Cairo, Egypt. Forthcoming.

Zalla, Tom and Abdel-Hamid Youssef Saad, **Fertilizer Production and Marketing in Egypt: Baseline Study.** MVE Unit - APRP, Impact Assessment Report No. 2. Abt Associates Inc. Cairo, Egypt. December, 1998.

Zalla, Tom, Stephan Goetz, John Holtzman, Abdel-Hamid Youssef Saad, Morsy Aly Fawzy, Abdel-Rahim Ismail, Robert Young. **Plan for Assessing the Impact of Egypt's Agricultural Policy Reform.** MVE Unit - APRP, Impact Assessment Report No. 1. Abt Associates Inc. Cairo, Egypt. March, 1998.

Monitoring

Emad El Hawary and Gary Ender. **Progress Indicators for APRP.** MVE Unit - APRP, Monitoring Report No. 1. Abt Associates Inc. Cairo, Egypt. October, 1998.

Special Studies

Krenz, Ronald, William Breginc, Galal El-Rifai, Adel Mostafa, Nabil El-Sentrecy and Mohammed Meselhi. **The Quality and Grading of Egyptian Cotton.** MVE Unit - APRP, Special Study No. 1 and CSPP Study No. 61. Cairo, Egypt. February, 1999.